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ARIZONA CORPORATION COMMISSION

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July 01, 2009

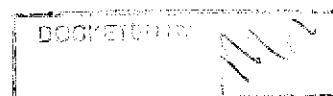
CERTIFIED MAIL

Mrs. Valerie Betts
President
Heart Cab Co., Inc. dba Sulger Water Company #2
1380 West Caroline Lane
Tempe, Arizona 85284

Arizona Corporation Commission

DOCKETED

JUL -1 2009



RE: HEART CAB CO., INC - IN THE MATTER OF THE APPLICATION OF HEART
CAB CO., INC. DBA SULGER WATER COMPANY #2 - APPLICATION FOR A
RATE INCREASE DOCKET NO. W-02355A-09-0275

LETTER OF DEFICIENCY

Dear Mrs. Betts:

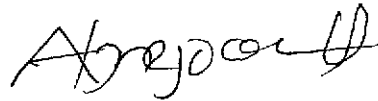
In reference to your rate application received on June 01, 2009, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the rate application which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and 15 copies of the corrected pages.

You have 15 calendar days, or until July 16, 2009 to correct the deficiencies, or make other arrangements with Staff to remedy your rate application.

Letter of Deficiency
July 01, 2009
Page 2

The Staff person assigned to your application is Jeffrey M. Michlik. He can be reached at (602) 364-2034, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Elijah Abinah". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Elijah Abinah
Assistant Director/Acting Chief Accountant
Regulatory Analysis Section
Utilities Division

EOA:JMM:kdh

CC: Docket Control Center (sixteen copies)
Lyn Farmer, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

Heart Cab Co., Inc. dba Sulger Water Company #2
Rate Application
Docket No. W-02355A-09-0275
Test Year Ended December 31, 2008
List of Deficiencies (07/01/2009)

The specific items that have caused a finding of deficiency are as follows:

1. On page 6 of the application, please state the Company's increase in a yearly amount, for example, \$252.60 (i.e. 12×21.05).
2. On page 6 of the application, please state what the Company's total annual operating revenues will be if the Company is granted the rate adjustment. For example, if the Company had \$2,839.30 in the test year, plus \$252.60 the total operating revenues would be \$3,091.90.
3. On page 9 of the application, the proposed rates are the same as the current rates. Please revise your rates to produce the total operating revenue you desire on page 6 of the application.
4. Once you fix the above, you will have to re-notify existing customers.
5. Please submit a new tariff, with the current rates approved in the Emergency Rate Case, Decision No. 70619 dated November 19, 2008.
6. Please provide a letter of good standing from the Arizona Department of Revenue.
7. On page 13 of the application (Plant Additions and Retirements by Year) you are missing years 1980 through 1997. If there were no addition or retirements for those years, please indicate if so, otherwise, please revise accordingly.
8. On page 13 of the application (Plant Additions and Retirements by Year) there are several numbers in the retirement column. Do these numbers represent when the Company plans to retire these assets or are these actual retirements for the year?
9. The bill counts do not produce the test year metered revenues or proposed metered revenues. Please reconcile.
10. Please provide Staff with a complete balance sheet. The Long-term debt amount on page 22 should be consistent with the amount listed on page 23.
11. On page 23, of the application, the Company lists 3 long-term loans. Please state the Arizona Corporation Commission Decision Number and date, in which these loans were approved. In addition, please fill out all parts of the form. For instance, the net proceeds, amount outstanding, date of maturity, and current year interest.

Heart Cab Co., Inc. dba Sulger Water Company #2
Rate Application
Docket No. W-02355A-09-0275
Test Year Ended December 31, 2008
List of Deficiencies (07/01/2009)

Other items:

1. Although this is not a deficiency item. On page 3 of the application, the Company states "Needs not listed yet required for plant operations. Ex pressure and storage tanks – pressure pumps – meters to measure well draw, security fencing. Need to secure financing." Does the Company intend to file a financing application along with this case?
2. Although this is not a deficiency item. On page 19 of the application, account 408.11 property taxes the Company stated that the property taxes are unpaid. Please provide Staff with a summary from the County of all back taxes owed.